



Texas State Securities Board

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IN THE MATTER OF
ALFARO OIL GAS, LLC;
PINNACLE PARTNERS FINANCIAL
CORPORATION; AND
BRIAN KEITH ALFARO

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TO: Alfaro Oil Gas, LLC
21022 Gathering Oak, Suite 2101
San Antonio, Texas 78260

Pinnacle Partners Financial Corporation (CRD No. 145523)
21022 Gathering Oak, Suite 2103
San Antonio, Texas 78260

Brian Keith Alfaro (CRD No. 4049120)
21022 Gathering Oak, Suite 2103
San Antonio, Texas 78260

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WHEREAS, Alfaro Oil Gas, LLC ("Respondent AOG") by and through its
Manager, Brian Keith Alfaro; Pinnacle Partners Financial Corporation ("Respondent
Pinnacle") by and through its president Brian Keith Alfaro; and Brian Keith Alfaro,
individually ("Respondent Alfaro")¹ were the subjects of an investigation by the staff of
the Texas State Securities Board (the "Staff"); and

WHEREAS, on September 24, 2010 the Deputy Securities Commissioner
entered Emergency Cease and Desist Order No. 1C10-CDO-20 (the "Emergency
Order"); and

WHEREAS, Respondents filed a request for a hearing to modify or set aside the
Emergency Order (the "Hearing Request"); and

WHEREAS, the Respondents have cooperated with the Staff by responding to
inquires and providing requested materials; and

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WHEREAS, Respondents desire to settle and resolve the pending administrative proceedings without Respondents admitting or denying the Findings of Fact five (5) through fifteen (15) and the Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondents have waived (a) Respondents' right to notice and hearing in this matter; (b) Respondents' right to appear and present evidence in this matter; (c) Respondents' right to appeal this Order; and (d) all other procedural rights granted to the Respondents by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 ^{□□}Supp. 2010)("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2008 ^{□□}Supp. 2010)("Administrative Procedure Act").
2. Alfaro Oil ^{□□}Gas, LLC ("Respondent AOG") maintains a last known address at 21022 Gathering Oak, Suite 2101, San Antonio, Texas 78260.
- ^{□□□} Pinnacle Partners Financial Corporation ("Respondent Pinnacle") maintains a last known address at 21022 Gathering Oak, Suite 2103, San Antonio, Texas 78260. On or about July 13, 2007, Respondent Pinnacle registered with the Securities Commissioner as a dealer. This registration was withdrawn on March 3, 2011 by Respondent Pinnacle.
4. Brian Keith Alfaro ("Respondent Alfaro") maintains a last known business address at 21022 Gathering Oak, Suite 2103, San Antonio, Texas 78260. On or about July 13, 2007, Respondent Alfaro registered with the Securities Commissioner as an agent of Respondent Pinnacle. This registration was withdrawn on March 3, 2011 by Respondent Alfaro. Respondent Alfaro is the Manager of Respondent AOG and is the President of Respondent Pinnacle.
5. Respondent AOG is the Managing Venturer for oil and gas drilling programs. Some of the programs include: Normanna North Prospect; SW Redfish Reef 3-D Prospect; Pangaea 3-D Prospect; East Wharton 3-D Prospect; Denali 3-D Prospect; and Victoria Secret 3-D Prospect ("Victoria Secret").
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6. The cost of one interest in the Victoria Secret program was \$88,888. Pursuant to the offering terms, for each full interest: \$29,188 was due upon execution of the subscription agreement; \$48,500 was due "upon drilling and testing"; and \$11,200 for completion costs. The Managing Venturer, Respondent AOG, could call for the drilling and testing costs and completion costs.
7. During the period from in or about November 2008 through in or about June 2009, the operator in the Victoria Secret program informed Respondent AOG and Respondent Alfaro that the operator did not plan on drilling the well related to the Victoria Secret program, anytime in the near future.

8. Nonetheless, from in or about March 2009 through in or about June 2009, Respondent AOG called for additional funds from investors in the Victoria Secret program. Respondents represented that these additional funds were to be used for drilling and testing expenses. As of September 15, 2010, the well related to the Victoria Secret program had not been drilled.
9. After the investors submitted their funds purported to be for drilling and testing expenses, the funds were deposited into Victoria Secret's escrow account. Thereafter, Respondent AOG and Respondent Alfaro utilized the funds for personal and business expenses unrelated to drilling and testing in connection with the Victoria Secret program.
10. As a result of the use of funds by Respondent AOG and Respondent Alfaro, the funds available for drilling and testing expenses in connection with the Victoria Secret program were insufficient. To that end, Respondent Alfaro admitted that funds from investors in other programs unrelated to Victoria Secret might be used to satisfy any potential drilling and testing costs associated with Victoria Secret.

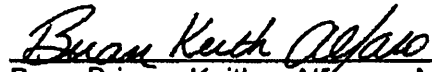
Program

11. The French Town 2-H Barnett Shale Prospect ("French Town"), is an oil and gas drilling program formed "to engage primarily in the business of drilling, owning, and operating one hydrocarbon well...and, if successful, the production of hydrocarbons". Respondent AOG is also the Managing Venturer of French Town.
12. Respondents offered investments in the French Town program to investors in Texas. Potential investors in the French Town program were told that they would receive a percentage of working and net revenue interests in the prospect well.
13. In connection with the offer for sale of investments in the French Town program, Respondents provided an offering memorandum dated July 23, 2010 (the "Offering Memorandum") to potential investors.
14. The Offering Memorandum stated that Respondent AOG would act as the Managing Venturer. Accordingly, management of the operations and other business of French Town were delegated to Respondent AOG.
15. In connection with the offer for sale of the investments in the French Town program, Respondents intentionally failed to disclose one or more of the following material facts:
 - a. During a period when Respondent AOG and Respondent Alfaro knew that drilling in connection with the Victoria Secret program was not imminent, Respondent AOG required investors in the Victoria Secret program to provide additional funds for drilling and testing expenses;
 - b. After collecting funds purported to be for drilling and testing in connection with the Victoria Secret program, Respondent AOG and Respondent Alfaro diverted the funds to uses unrelated to the Victoria Secret program;

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Respondents:

Alfaro Oil & Gas, LLC

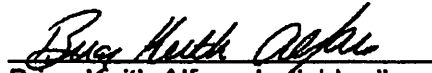


By: Brian Keith Alfaro, Managing
Member

Pinnacle Partners Financial Corporation

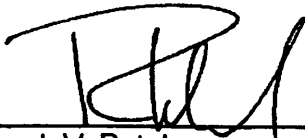


By: Brian Keith Alfaro, President



Brian Keith Alfaro, Individually

Approved as to Form:



Ronak V. Patel
Director
Inspections and Compliance Division



Craig Gngley, Esq.
Attorney for Respondents

ACKNOWLEDGMENT

On the 22 day of March, 2011, Alfaro Oil & Gas, LLC ("Respondent AOG"), by and through its Manager, Brian Keith Alfaro, appeared before me, executed the foregoing Order, and acknowledged that:

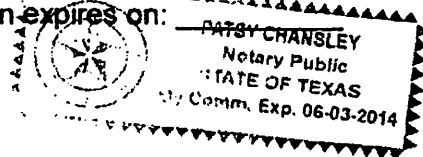
1. Brian Keith Alfaro is duly authorized to enter into the foregoing Order on behalf of Respondent AOG;
2. Brian Keith Alfaro has read the foregoing Order;
3. Respondent AOG has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent AOG knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and
5. Respondent AOG, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



Notary Public in and for
The State of Texas

[affix notary seal here]

My commission expires on:



ACKNOWLEDGMENT

On the 22 day of MARCH, 2011, Pinnacle Partners Financial Corporation ("Respondent Pinnacle"), by and through its President, Brian Keith Alfaro, appeared before me, executed the foregoing Order, and acknowledged that:

1. Brian Keith Alfaro is duly authorized to enter into the foregoing Order on behalf of Respondent Pinnacle;
2. Brian Keith Alfaro has read the foregoing Order;
3. Respondent Pinnacle has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent Pinnacle knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and
5. Respondent Pinnacle, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.

Brian Alfaro

Catherine E Becker

Notary Public in and for
The State of Texas



My commission expires on: 4/22/2012

ACKNOWLEDGMENT

On the 22 day of March, 2011, Brian Keith Alfaro ("Respondent Alfaro") personally appeared before me, executed the foregoing Order, and acknowledged that:

1. Respondent Alfaro has read the foregoing Order;
2. Respondent Alfaro has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent Alfaro knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and
4. Respondent Alfaro, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



Notary Public in and for
The State of Texas

[affix notary seal here]

My commission expires on:

